

# **REGULAR BOARD OF TRUSTEES MEETING MINUTES**

## **Tuesday, February 28, 2006**

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Don Bennett called the meeting to order at 10:00 a.m. Other Board members present included Kevin Boehnlein, Karen Davis, Chuck Schalliol, Tim Walsh and Cari Whicker.

TRF staff present included Cristy Wheeler, Bob Newland, Tom Abbett, Crystal Lawson, Phil Barnes, Tom Davidson, Amy Maynard, Steffanie Rhinesmith, Dave Yeater and Shelley Horner. Also in attendance was Steve Moberly of IRTA.

The Agenda was presented.

Tim Walsh moved to approve the agenda. Kevin Boehnlein seconded the motion. The motion carried.

The minutes of the January 31, 2006 meeting were presented.

Kevin Boehnlein moved to approve the minutes. Tim Walsh seconded the motion. The motion carried.

Shelley Horner presented retiree payments for the month of March 2006.

Karen Davis moved to accept the payments. Cari Whicker seconded the motion. The motion carried.

Tom Abbett presented the expenditures for the month of January 2006.

Cristy Wheeler discussed the Director's report. PERF and TRF are looking at efficiencies in the IT area, one of which is having IT personnel report to the Indiana Office of Technology (IOT). This move would save on some costs incurred by PERF and TRF for IT services and it would provide better efficiencies to both agencies. We will have a proposal for this at the next meeting.

Cristy Wheeler provided an update on Anthem Rx Prescription issues. Cristy and the agency have received many letters and phone calls from retired teachers regarding their frustration with Anthem's Medicare Part D and the Anthem ISTRF Rx Plan. We have spoken with a Vice President of Anthem and his staff to bring issues to their attention for resolution. In addition, ISTRF sent a letter to our plan participants explaining the issues and how to file for reimbursement when they do not receive the proper benefits.

Chuck Schalliol arrived at 10:10 a.m.

Cristy Wheeler and Tom Davidson updated the Board on an outside counsel RFQ. Our contract with Ice Miller expires February 28, 2006. Currently, TRF is on a month to month contract, paying in arrears with a 20% discount. Ice Miller's primary responsibility is to provide tax functions for TRF. They have worked on complex cases and legislative issues. Tom Davidson is putting together an RFQ for outside counsel to be out the 1<sup>st</sup> week of March.

Tom Davidson provided a legislative update. Bills that are in final form include HB 1868 – COLA bill, SB 0058 – technical corrections, SB 0089 – Serial and electronic meetings and SB 0057 – privacy bill.

Bob Newland handed out a Consultant evaluation report for the recent RFP. After interviews and the elimination process as outlined in the report, the staff recommends continuing the employment of Callan Associates and reducing the current five-year contract term to two years.

Chuck Schalliol moved to approve this recommendation. Kevin Boehnlein seconded the motion. The motion carried.

Cristy Wheeler added Ken Brunke of Callan Associates will be available for the next Board meeting to discuss matters of interest to the Board. At that time, we could get his suggestions on the alternative asset class. Chuck Schalliol complimented the staff on their time and efforts in this RFP search.

Steffanie Rhinesmith presented information regarding the Large Cap Value Manager search. The staff recommends retaining Barrow, Hanley, Mewhinney & Strauss (BHMS) as our third large cap value manager.

Tim Walsh moved to approve staff's recommendation to retain BHMS as large cap value manager. Chuck Schalliol seconded the motion. The motion carried.

Bob Newland presented a handout showing the Fund's Guaranteed Rate Analysis. This is for informational purposes; the Guaranteed Rate will need to be set in March or April of 2006. The historical way of figuring the Guaranteed Rate is a five-year average for most recent fiscal period rounded to the nearest .25%, but the rate change cannot exceed .50%. There was discussion on how the Guaranteed Fund money is currently invested, which is 90 % Fixed Income and 10% S&P 500. The board recommended the investment staff look into investing in a GIC or other methods and follow up with the Board on their findings.

Bob Newland reviewed pages 12-23 of the Investment Policy Statement. On section IV – A, the recommendation was to clarify that the asset allocation and liability study will be conducted every three years instead of no less than every 5 years. Under 'rebalancing of Asset Allocation guidelines' the Board & staff would like to ask Ken Brunke (Callan Associates) for his opinion on the periodic review of allocations to each asset class on a market value basis. Bob Newland assigned pages 22-33 for review at next months meeting.

The next meeting was scheduled for March 28, 2006 at 10:00 a.m.

Kevin Boehnlein moved to approve adjournment. Tim Walsh seconded the motion. The motion carried. There being no additional business, the meeting adjourned at 11:45 a.m.